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October 12, 2015

Marlene H. Dortch, Secretary
Attention: Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW Washington, DC 20554

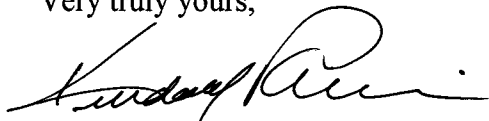
Re: Medicine Park Telephone Company
Redacted Petition for Waiver of 47 C.F.R. Sections 36.621 and 54.301

Dear Ms. Dortch:

On behalf of Medicine Park Telephone Company (the "Company"), the undersigned respectfully submits the above-referenced Redacted Petition for Waiver ("Petition"). This Petition is exempt from filing fee pursuant to Commission rules and the Commission's Fifth Order on Reconsideration in its *ICC/USF Transformation Order*, released November 16, 2012, FCC 12-137, ¶ 24.

Please direct inquiries regarding the Company's Petition for Waiver to the undersigned attorney for the Company.

Very truly yours,



Kendall Parrish
Attorney for Medicine Park Telephone Company

Enclosure

cc: Chief, Wireline Competition Bureau

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REDACTED – FOR PUBLIC INSPECTION

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
High-Cost Universal Service Support)	WC Docket No. 05-337
)	
Developing a Unified Intercarrier Compensation Regime)	CC Docket No. 01-92
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45

MEDICINE PARK TELEPHONE COMPANY'S
PETITION FOR LIMITED WAIVER OF §§ 36.621 AND 54.301
OF THE COMMISSION'S RULES

Medicine Park Telephone Company ("Medicine Park" or the "Company") respectfully requests the Commission, pursuant to 47 C.F.R. § 1.3, for a limited waiver of Sections 36.621 and 54.301 adopted by the Commission in its *USF/ICC Transformation Order*¹ that affect the distribution of universal service support to the Company and ultimately, Medicine Park's continued ability to provide voice service in its study area and meet the FCC's goals for higher broadband speeds. Specifically, Medicine Park requests that the Commission waive (i) its rule eliminating LSS as a separate support mechanism² or, in the alternative, waive its rule limiting Medicine Park's Eligible Recovery to FY2011 interstate

¹ *Connect America Fund; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Lifeline and Link-Up; Developing an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; A National Broadband Plan for Our Future; Universal Service Reform-Mobility Fund, Report and Order and Further Notice of Proposed Rulemaking*, 26 FCC Red. 17663, 17898-99, 1]723 (2011) ("*USF/ICC Transformation Order*").

² *USF/ICC Transformation Order*, ¶ 257.

switched access revenue requirement reduced by five percent (5%) each year;³ and (ii) its rule limiting reimbursable corporate operations expense for purposes of determining ICLS.⁴

In its *Fifth Order on Reconsideration*, the Commission clarified that its discussion of waiver requests in its *USF/ICC Transformation Order* was “not to replace the ordinary standard for granting waivers under section 1.3 of the Commission’s rules, but rather to provide guidance” to potential applicants.⁵ The Commission further clarified that its review of such waiver requests would consider the impact of reforms “not only on voice service alone, but also on continued operation of a broadband-capable network and the effect on consumer rates.”⁶

Medicine Park files this Petition for Waiver because it is adversely affected by the above-referenced rules and demonstrates herein that good cause exists to grant the waiver and that such waiver is necessary and in the public interest to ensure that consumers in Medicine Park’s service area continue to receive voice service, to enable Medicine Park to continue operation of a broadband-capable network and to ensure consumers in Medicine Park’s study area continue to receive services at rates reasonably comparable to those being paid by urban consumers.

I. BACKGROUND

Medicine Park’s study area is located in a rural part of Comanche County, Oklahoma,

³ *Id.*, ¶ 872.

⁴ *Id.*, ¶¶ 229-232.

⁵ *Connect America Fund; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Lifeline and Link-Up; Developing an Unified Inter-carrier Compensation Regime; Federal-State Joint Board on Universal Service; A National Broadband Plan for Our Future; Universal Service Reform-Mobility Fund*, Report and Order and Further Notice of Proposed Rulemaking, *Fifth Order on Reconsideration*, FCC 12-137, para. 19 (rel. November 16, 2012) (“*Fifth Order on Reconsideration*”)

⁶ *Id.*, para. 20.

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which is bound by the Fort Sill US Army artillery range to the south, Lake Lawtonka to the north, and the Wichita Mountain Wildlife Refuge to the West. Opportunities for subscriber growth in this area are severely constrained by the presence of these government owned lands that cannot be developed and the presence of a large body of water that likewise cannot be developed to create subscriber growth. The Company serves a total of [REDACTED] access lines within its study area using [REDACTED] route miles of network facilities, which translates to a customer density of [REDACTED] customers per route mile. There are no wireline competitive alternatives for Medicine Park's customer base in its study area.

Medicine Park's local exchange rates are already comparable to rates in nearby urban areas due to Oklahoma Corporation Commission ("OCC") orders issued in 1991 which established an extended area service arrangement between the Company's study area and the City of Lawton, the closest urban area to Medicine Park's study area.⁷ The Company does not receive intrastate toll revenues. In 1996, the OCC created a structure under which rural, independent local exchange companies like Medicine Park would not offer intrastate toll services. Rather, such companies would provide intrastate switched access services to Southwestern Bell and other large companies with a national presence that would provide toll services in Oklahoma. All of these geographic limitations and market structure regulations imposed by the OCC result in limited revenue sources for Medicine Park.

Medicine Park is required to construct and maintain a high quality wireline network to comply with Oklahoma Corporation Commission ("OCC") rules and Rural Utilities Service ("RUS") requirements. Specifically, the OCC has designated Medicine Park as the

⁷ Oklahoma Corporation Commission Order No. 353263 issued in Cause No. PUD 000692, and Order No. 357147 issued in Combined Cause Nos. 899, 975, and 974 on May 22, 1991.

carrier of last resort in its service territory and therefore, must provide service to all requests for service to locations within one-quarter mile from its facilities, without additional construction charges.⁸ The OCC also requires that Medicine Park must furnish two-way switched communication within its local calling area without usage-sensitive charges, a primary directory listing, access to directory assistance, access to TRS, access to 911, and equal access to long distance providers, and operator services.⁹ Notwithstanding the OCC service requirements, Medicine Park has constructed and maintained its network such that it can offer voice and broadband services to its customers that are reasonably comparable to services that are available to urban customers.

Due to the high cost to meet state carrier of last resort and minimum service obligations and to offer its customers reliable voice service and broadband service, Medicine Park has borrowed from the Rural Utilities Service (“RUS”) of the United States Department of Agriculture in order to finance the construction and maintenance of its network. Medicine Park’s annual debt service on its RUS notes in 2014 was over [REDACTED], nearly [REDACTED] times the level of annual local service revenues received by the Company. The reductions in federal universal service support from which Medicine Park seeks a waiver herein are causing a significant strain on Medicine Park’s ability to meet its obligations to provide voice service within its study area and broadband services in response to the Commission’s goals.

In short, Medicine Park has limited sources of revenue and the reduction in universal service support to Medicine Park is causing it significant financial harm. The financial harm

⁸ OAC 165:55-13-12.

⁹ OAC 165:59-1-4.

to the Company is beginning to cause it to have inadequate cash flow to continue to provide voice service to residents in its study area. There are no wireline competitive alternatives for Medicine Park's customer base if it becomes unable to continue to provide voice service. As a result, should the federal universal service reforms be applied to Medicine Park without waiver, voice service to residents in the Company's study area will be severely threatened and will likely cease to be available from a wireline provider. Lifeline customers will have no wireline provider if Medicine Park can no longer provide voice service in its study area.

II. JUSTIFICATION FOR THE WAIVER

In the *USF/ICC Transformation Order*, the Commission adopted rules and a framework which substantially reduces the level of Federal USF revenues that Medicine Park has available to (a) maintain and operate its telecommunications network, (b) provide voice service to its customers, and (c) provide terrestrial broadband service in its study area. As a result, Medicine Park seeks a waiver of the following rules which reduce federal USF revenues to the Company.

The Commission may waive its rules for good cause shown.¹⁰ Good cause, in turn, may be found and a waiver granted "where particular facts would make strict compliance inconsistent with the public interest."¹¹ To make this public interest determination, the waiver cannot undermine the purposes of the rule, and there must be a stronger public interest benefit

¹⁰ 47 C.F.R. § 1.3. See also *ICA Global Communications (Holdings) Limited v. FCC*, 428 F.3d 264 (D.C. Cir. 2005) ("*ICA Global Communications*"); *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164 (D.C. Cir. 1990) ("*Northeast Cellular*"); *WAIT Radio v. FCC*, 418 F.2d 1153 (D.C. Cir. 1969) ("*WAIT Radio*").

¹¹ *Northeast Cellular* at 1166; see also *ICO Global Communications* at 269 (quoting *Northeast Cellular*); *WAIT Radio* at 1157-1159.

in granting the waiver than in applying the rule.¹² The Commission may exercise its discretion to waive a rule when the particular facts make strict compliance inconsistent with the public interest.¹³ In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.¹⁴ In short, a waiver is justified when special circumstances warrant a deviation from general rules and such deviation will serve the public interest.¹⁵ Such circumstances exist here. Without a waiver, consumers would be at risk of losing access to reliable terrestrial voice and broadband services.

A. Rule Eliminating LSS as a Separate Support Mechanism

In the *USF/ICC Transformation Order*, the Commission eliminated LSS as a stand-alone universal service support mechanism¹⁶:

“255. *Discussion.* We agree with the Rural Associates that reforms to LSS

¹² See, e.g., *WAIT Radio* at 1157 (stating that even though the overall objectives of a general rule have been adjudged to be in the public interest, it is possible that application of the rule to a specific case may not serve the public interest if an applicant’s proposal does not undermine the public interest policy served by the rule); *Northeast Cellular* at 1166 (stating that in granting a waiver, an agency must explain why deviation from the general rule better serves the public interest than would strict adherence to the rule).

¹³ The Commission has considerable discretion as to whether to waive its rules. See *Office of Communication of United Church of Christ v. FCC*, 91 F.2d 803, 812 (D.C. Cir 1990) (upholding the Commission’s grant of a waiver “[g]iven the deference due the agency in matters of this sort”); *City of Angels Broadcasting, Inc. v. FCC*, 745 F.2d 656, 663 (D.C. Cir 1984) (noting that the scope of review of a waiver determination by the Commission “is narrow and constrained”). As the D.C. Circuit has observed, the Commission’s waiver determinations are entitled to heightened deference because “the agency’s discretion to proceed in difficult areas through general rules is intimately linked to the existence of a safety-valve procedure for consideration of an application for exemption based on special circumstances.” *AT&T Wireless Services, Inc. v. AT&T*, 270 F.3d 959, 965 (D.C. Cir 2001) (internal quotation marks omitted).

¹⁴ *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969), *cert. denied*, 409 U.S. 1027 (1972); *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990).

¹⁵ *Northeast Cellular*, 897 F.2d at 1166; see also *Allband Communications Cooperative, Petition for Waiver of Sections 69.2(hh) and 69.601 of the Commission’s Rules*, WC Docket No. 05-174, Order, 2005 FCC LEXIS 4527 (Aug. 11, 2005).

¹⁶ *USF/ICC Transformation Order*, ¶ 257

should be integrated with reforms to ICC and the accompanying creation of a CAF to provide measured replacement of lost intercarrier revenues. We continue to believe that the rationale for LSS has weakened with the advent of cheaper, more scalable switches and routers. We also agree with the Ad Hoc Telecommunications Users Committee that the LSS funding mechanism provides a disincentive for those carriers owning multiple study areas in the same state to combine those study areas, potentially resulting in inefficient, costly deployment of resources. Further, because qualification is solely based on the number of lines in the study area, LSS does not appropriately target funding to high-cost areas, nor does it target funding to areas that are unserved with broadband.

256. At the same time, we recognize that many small companies recover a portion of the costs of their switching investment, both for circuit switches and recently purchased soft switches, through LSS. LSS is a form of explicit recovery for switching investment that otherwise would be recovered through intrastate access charges or end user rates. As such, any reductions in LSS would result in a revenue requirement flowing back to the state jurisdiction.

257. For all of these reasons, we conclude that it is time to end LSS as a stand-alone universal service support mechanism, but that, as discussed in more detail in the ICC section of this Order, limited recovery of the costs previously covered by LSS should be available pursuant to our ICC reform and the accompanying creation of an ICC recovery mechanism through the CAF. Effective July 1, 2012 we will eliminate LSS as a separate support mechanism. In order to simplify the transition of LSS, beginning January 1, 2012 and until June 30, 2012, LSS payments to each eligible incumbent LEC shall be frozen at 2011 support levels subject to true-up based on 2011 operating results. To the extent that the elimination of LSS support affects incumbent LECs interstate switched access revenue requirement, we address that issue in the ICC context.”¹⁷

The elimination of this support mechanism and corresponding limitation of Eligible Recovery to FY2011 interstate switched access revenue requirement causes significant financial burden to Medicine Park and will not provide Medicine Park with sufficient federal support to enable it to make investments required to provide voice and broadband services which are reasonably comparable to that in urban areas. Specifically, because Medicine Park’s study area is limited in size and exclusively rural in nature with low customer density,

¹⁷ Id. ¶ 255-257.

Medicine Park's costs are higher than average. Residents in Medicine Park's study area have no wireline alternatives for voice and broadband services. As a result, the elimination of LSS and annual reduction in interstate access revenue requirement by Medicine Park causes the Company financial hardship that is likely to lead to wireline voice and broadband services no longer being available in Medicine Park's study area.

B. Limit on Recovery of Corporate Operations Expense to ICLS.

In the *USF/ICC Transformation Order*, the Commission also extended the limit on recovery of corporate operations expense to ICLS in the following manner:

"229. *Discussion.* As supported by many parties, we will adopt the more modest reform proposal to extend the limit on recovery of corporate operations expense to ICLS effective January 1, 2012. We concluded in the Universal Service First Report and Order that the amount of recovery of corporate operations expense from HCLS should be limited to help ensure that carriers use such support only to offer better service to their customers through prudent facility investment and maintenance, consistent with their obligations under Section 254(k). We now conclude that the same reasoning applies to ICLS. Extending the limit on the recovery of corporate operations expenses to ICSL likewise furthers our goal of fiscal responsibility and accountability.

230. We note, however, that the current formula for limiting the eligibility of corporate operations expenses for HCLS has not been revised since 2001. The initial formula was implemented in 1998, based on 1995 cost data. In 2001, the formula was modified to reflect increases in Gross Domestic Product-Chained Price Index (GDP-CPI), but has not been updated since then.

232. Accordingly, effective January 1, 2012, we modify the existing limitation on corporate operations expense formula as follows:

- For study areas with 6,000 or fewer total working loops the monthly amount per loop shall be (a) $\$42,337 - (.00328 \times \text{number of total working loops})$, or (b) $\$63,000 / \text{number of total working loops}$, whichever is greater;
- For study areas with more than 6,000, but fewer than 17,887 total working loops, the monthly amount per loop shall be $\$3.007 + (117,900 / \text{number of total working loops})$; and

- For study areas with 17,887 or more total working loops, the monthly amount per loop shall be \$9.56;
- Beginning January 1, 2013, the monthly per-loop limit shall be adjusted each year to reflect the annual percentage change in GDP-CPI.”¹⁸

The Commission’s extension of its limit on corporate operations expense to ICLS and modification of the reimbursement formula results in significant financial hardship to Medicine Park. Specifically, the limitation on recovery of corporate operations expense through ICLS results in a reduction in revenue to the Company of [REDACTED] for the calendar year 2014. For comparison, this reduction in revenue represents [REDACTED] of the Company’s total local service revenues for calendar year 2014. As discussed above, Medicine Park has very few sources of revenue to recover its cost of service. The arbitrary limitation on recovery of certain costs from the federal USF/CAF places additional financial hardship on the Company which will impede the Company’s ability to continue to provide wireline voice and broadband service in its study area.

C. The Commission Rules Will Undermine Medicine Park's Ability To Provide Voice Service To Customers

In anticipation of changes to federal universal service mechanisms and the steady erosion of intercarrier compensation receipts over the past several years, Medicine Park has reviewed its operations to identify additional sources of revenue and potential cost savings. Unfortunately, due to its low customer density and high route miles per customer, additional expense savings are unavailable and due to Commission policies, additional revenues are likewise not available.

1. Existing Sources of Revenue are Insufficient

¹⁸ *Id.*, ¶¶ 229-232.

Due to the Commission's implementation of federal USF reforms, Medicine Park will experience a reduction in federal universal service support of [REDACTED] annually or [REDACTED] per line. This represents an annual decrease in revenues that exceeds the Company's total local exchange service revenues for 2014. Moreover, Medicine Park has raised its local exchange service rates in response to the Commission's *USF/ICC Transformation Order* and currently maintains the rate level necessary to continue its eligibility for federal USF support.¹⁹ As described below, Medicine Park cannot look to other sources of revenue to fill the void left by an arbitrary limitation on support in high cost areas.

a. Local Revenue

This revenue loss cannot be made up through rate increases to local Medicine Park customers. Under Oklahoma law, Medicine Park can increase its local exchange service rate up to \$2.00 per month per year on a streamlined basis. Medicine Park has increased its residential local exchange service rate to \$16.00 in accordance with the Commission's *Seventh Order on Reconsideration*.²⁰ Local exchange service rate increases, however, do not provide meaningful contribution to Medicine Park's high cost of service in its rural study area. For example, each increase of \$2.00 to Medicine Park's monthly local exchange service rate only generates [REDACTED] per year in additional revenues. In addition, Medicine Park is bound by a cap on local exchange service rates under state law. The Company is limited by state law from increasing its local exchange service rate above \$21.48, the highest local

¹⁹ *Connect America Fund; Universal Service Reform-Mobility Fund; ETC Annual Reports and Certifications; Establishing Just and Reasonable Rates for Local Exchange Carriers; Developing an Unified Intercarrier Compensation Regime*; WC Docket Nos. 10-90, 14-58, 07-135, WT Docket No. 10-208, CC Docket No. 01-92, Report and Order, Declaratory Ruling, Order, memorandum Opinion and Order, *Seventh Order on Reconsideration*, and Further Notice of Proposed Rulemaking, 29 FCC Rcd 7051, 7079 (2014) (*Seventh Order on Reconsideration*).

²⁰ 17 O.S. §137.

exchange rate which was in effect in Oklahoma in 1997.²¹ In short, Medicine Park cannot recover the lost Federal USF as a result of the *USF/ICC Transformation Order* from its local exchange customers. Moreover, increasing its rates to the statutory maximum would create rates in Medicine Park's study area that are significantly higher than rates being paid by urban consumers for similar services.

It is contrary to fundamental principles of universal service to expect Medicine Park's customers to absorb all of the lost revenues associated with the *USF/ICC Transformation Order* reforms. In addition those rates would violate the Act's requirement for affordable rates that are comparable to those charged in urban areas.

b. Intercarrier Revenues

Medicine Park cannot recover the lost USF funding from its switched intercarrier compensation rates. In its *USF/ICC Transformation Order*, the FCC capped and is eliminating most of Medicine Park's switched intercarrier compensation revenue over a brief transition period.²² The only intercarrier compensation rate that was not capped and is not being transitioned to zero by the Commission is the Company's originating switched access rate. If Medicine Park attempted to recover its Federal USF revenue loss from this revenue source, this rate would have to increase exponentially. As the Commission recently acknowledged in its order addressing call completion issues in rural areas, interexchange carriers would not be willing to serve customers in Medicine Park's service area.²³

²¹ 17 O.S. § 139.103.

²² *USF/ICC Transformation Order*, Appendix A – Final Rules:

- Most Intercarrier compensation rates capped and then transitioned to zero rate level – Part 51.909

²³ *In the Matter of Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135,

Customers of long distance services in Medicine Park's study area do have alternatives in the form of wireless service and over-the-top VoIP services. Therefore, even if interexchange carriers continued to provide service to Medicine Park's customers, the total rate to customers including originating switched access would be not be competitive with these alternatives (that do not pay originating access at the present time). As a result, those customers would choose the lesser expensive service and thus, Medicine Park would not realize any additional revenues through originating switched access rates.

c. Other Revenues

Medicine Park is working to expand the scope of its services as well as exploring various avenues of economic development. Most of these efforts, however, are restricted by the geographic limitations unique to the Company's study area. The federal government owns the majority of property surrounding the Company's study area and, due to the use dedicated to such properties, there is no opportunity for increased revenues due to increased development in the area.

2. Potential Areas for Cost Savings

Medicine Park has taken steps to minimize its costs. Over the past several years the company has reduced corporate costs, primarily through reorganization of functions, improved software, reduced its cost of switching through the purchase of a soft switch and implementation of new procedures. These savings have been achieved despite a rapidly growing regulatory burden. The company provides only basic benefits to its employees required by law. Medicine Park has been audited in recent years by USAC whose auditors

found no waste, fraud or abuse and made no recommendations of disallowance of Medicine Park's costs. These are costs such as property taxes, customer service, installation and repair services, accounting costs, administrative costs of providing information to various regulatory agencies, switch, router, and other maintenance contracts and as well as corporate costs such as rent and insurance.

3. Impact of Reduced High Cost Support

While Medicine Park will continue to seek ways to increase revenues and decrease costs, it is apparent that none of its efforts will be anywhere near sufficient to offset the Commission's implementation of rules reducing federal USF support by over [REDACTED] per line. The remaining revenue streams available to Medicine Park would not support ongoing operations and puts the availability of voice service at risk for those residents in Medicine Park's study area.

Like many telecommunications service providers, the company has non-regulated operations. Due to scale and commonality of some functions, these operations are mutually dependent. That is to say, the existence of non-regulated operations enables regulated operations to be more cost effective through sharing of common costs. And the reverse is also true of the non-regulated operations. " If Medicine Park cannot afford to pay its share of common costs, then those resources will be available for neither. As a result, in addition to the loss of services within Medicine Park's study area; broadband service will be decreased or eliminated in those areas served by non-regulated operations.

Medicine Park is a borrower from the Rural Utilities Service (RUS). Annual payments on existing debt (principal and interest) totaled over [REDACTED] in 2014. One of the RUS loan covenants requires that Medicine Park have sufficient revenues to pay the interest

and principal on RUS debt. The new rules will reduce Medicine Park's income significantly and push the company into default of its RUS loan covenants. Moreover, the reduction in revenues, which cannot be obtained through other sources, will severely constrain Medicine Park's ability to pay its principal and interest payments on RUS debt.

D. Medicine Park Meets the Requirements in the Commission's Order to Receive a Waiver of the Ordered Rule and Framework²⁴

Additional Exhibits to this Petition for Waiver provide justification for support in excess of the cap and support a Commission waiver of the USF rules specified herein. The required information shows that the elimination of LSS as a separate support mechanism and the extension of the Commission's limitation on recovery of corporate operations expense to ICLS would seriously jeopardize: (a) Medicine Park's financial viability, (b) its ability to provide terrestrial voice and broadband service to consumers in Medicine Park's study area, and (c) Medicine Park's ability to continue to make payments when due on RUS loan.

Medicine Park is filing this Petition for Waiver that clearly demonstrates that good cause exists for exempting Medicine Park from (a) the elimination of LSS as a separate support mechanism and (b) extension of the limit on recovery of corporate operations expense to ICLS. Approval by the Commission of the waiver is necessary and in the public interest to ensure that consumers in the area served by Medicine Park continue to receive voice and broadband service.

Medicine Park is providing the following confidential information in support of this Petition for Waiver:

Exhibit A - Medicine Park's most recent cost of service study (Part 36/69);

²⁴ USF/ICC Transformation Order, ¶¶ 539 to 544.

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Exhibit B - Financial statements for the year ended 12/31/14;

Exhibit C - Outstanding RUS loan information.

Commission grant of a waiver to Medicine Park would be consistent with the objectives stated in the Commission's *USF/ICC Transformation Order* as well as the 1996 Act. Medicine Park's existing network was designed and constructed under RUS standards and utilized funds provided by RUS loans. The approval of the past and current RUS loans and the construction of Medicine Park's network were undertaken consistent with universal service principles, objectives, and intent of the 1996 Act. Without its existing levels of universal service funding, Medicine Park's revenues would not be sufficient to achieve the purposes of section 254 of the Act and consumers would be at risk of losing voice services as well as existing and proposed broadband services in the area.

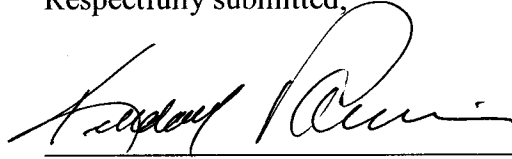
IV. CONCLUSION

A waiver of the two specified changes to the Commission's USF rules as applied to Medicine Park would not undermine the Commission's objectives. The Commission made clear that its reforms were intended "to eliminate waste and inefficiency and improve incentives for rational investment and operation by rate-of-return LECs." In addition, the Commission is concerned about subsidizing service where competition for such services exists. These concerns are plainly not in jeopardy in Medicine Park's case. Medicine Park has already taken measures to provide services in a manner that is cost-effective despite its high costs. In addition, there is no competition for terrestrial voice service and broadband in Medicine Park's study area. Accordingly, for the reasons described above, the Commission should grant Medicine Park's request for a waiver of its rules implementing the universal service reforms for the issues described above, and enable it to seek further waivers as

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appropriate, should Medicine Park discover that there are additional situations in which it is either technically or economically infeasible for it to comply with the Commission's rules.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ron Comingdeer", written over a horizontal line.

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